UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/C.10/1992/9
18 February 1992

ORIGINAL: ENGLISH

COMMISSION ON TRANSNATIONAL CORPORATIONS
Eighteenth session
23-24 January and 8-15 April 1992
Item 7 of the provisional agenda*

ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS AND ITS JOINT UNITS

Activities of the United Nations Centre on Transnational Corporations and of the joint units established with the regional commissions

Report of the Secretary-General

SUMMARY

The present report provides an account of the activities of the United Nations Centre on Transnational Corporations and the joint units established with the regional commissions since the seventeenth session of the Commission.

* E/C.10/1992/1/Add.1.

92-07350 3663a (E) 100392 *120392*

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INTRODUCTION

1. At its seventeenth session, the Commission on Transnational Corporations requested the Secretary-General to submit to the Commission at its eighteenth session a report on the activities of the United Nations Centre on Transnational Corporations and the joint units established with the regional commissions. The present report was prepared in response to that request. 1/

I. EXECUTIVE DIRECTION AND MANAGEMENT

A. Scope of the programme during the 1990s

2. During the biennium 1992-1993, the Centre will embark on the implementation of the proposed medium-term plan for the period 1992-1997. The plan identifies the basic scope of the United Nations programme on transnational corporations within the major programme activity on international economic cooperation for development. The programme explains the subjects of foreign direct investment and of transnational corporations and identifies problems addressed and courses of action of the intergovernmental machinery and the Secretariat. The growing quantitative weight of foreign direct investment in the world economy demonstrates its increasing significance as an integrating force for international flows of not just capital but also of trade and technology, key variables in the development process. Remarkable recent changes in the structure of international economic relations and policy paradigms have created conditions that place transnational corporations in a position to play a central developmental role. In this situation, the challenge for national and international practitioners of development policy is to further their understanding of the global context in which transnational corporations operate, how the universe of transnational corporations is changing, the factors that determine their choices with regard to the location of investment, what potential impacts such investments are likely to have in terms of various developmental objectives such as technology transfer and promotion of exports, the extent of intersectoral differences with regard to motivations and developmental effects of transnational corporations and what role public policies can play in attracting foreign direct investment as well as strengthening their positive impact on national economic development. The analytical function of the programme supports the examination of those questions.

3. Furthermore, the Uruguay Round of multilateral trade negotiations covers issues beyond the traditional field of trade in goods, including such increasingly important areas as trade in services, trade-related investment measures (TRIMs) and trade-related aspects of intellectual property rights. The programme reflects the considerable policy attention that Governments give to those dimensions of international economic cooperation.

4. There is also a pressing need to improve conditions for international investment with a view to increasing capital flows to developing countries, and to supporting the establishment of positive links between foreign investors and host countries to help develop their human resources and entrepreneurial capacities. In that regard, the elaboration of an international framework to facilitate investment relations and avoid conflicts, promoted by the programme, is of utmost importance.

5. The programme also addresses the new issue of the transition of a large group of countries from a centrally planned economy system to a market economy. It deals, more specifically, with the needs of those economies that recently opened their doors to international investment, particularly through assisting in the creation of legislative and institutional conditions for an investment climate beneficial to both foreign investors and their host countries.

6. The programme further emphasizes the Centre's programme of technical cooperation, which will continue to focus on advisory services to host countries with regard to foreign investment policy regimes and institutional structures; expert assistance in contract negotiations; and training and human resource development, in which public and private sector officials and personnel are imparted critical skills and knowledge required for effective foreign investment transactions in today's increasingly competitive and diversified environment.

7. At its second regular session of 1991, the Economic and Social Council adopted three resolutions concerning transnational corporations: 1991/54 on the activities of transnational corporations in South Africa; 1991/55 on the recommendations of the Commission on Transnational Corporations at its seventeenth session and its contribution to the preparations for the United Nations Conference on Environment and Development; and 1991/56 on the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. In those resolutions, the Council requested the Centre to continue its work on transnational corporations in South Africa; to prepare a consolidated report in which the latest trends in foreign direct investment would be analysed; to update and complete its work on external indebtedness; to promote in its technical cooperation activities interregional, intraregional and subregional economic integration; to support small and medium-sized enterprises in developing countries; and to prepare recommendations on cooperation for the protection and enhancement of the environment and to examine the feasibility of mechanisms for mobilizing resources for that purpose. The mandate of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting was extended.

B. Resources

8. The growth of the programme exerts considerable strain on the resources available for its implementation. In that regard, the Centre greatly appreciates the extrabudgetary financial support given in 1991 by the Governments of China, Denmark, Finland, France, the Netherlands, Norway, Sweden and Switzerland for its technical cooperation activities. Considerable extrabudgetary support was given by a number of Governments to the research and technical cooperation activities of the joint units. The Rockefeller Foundation and the Friedrich Ebert Foundation provided special funding for activities on the environment and on the interrelationship between foreign direct investment and technology. The volume of technical assistance projects funded by the United Nations Development Programme (UNDP) continued to soar, exceeding $3.5 million in 1991. The Governments of Denmark, France, Germany, Italy, Japan, the Netherlands and Sweden continued to sponsor junior professional officers placed in the Centre and in its joint units with the regional commissions.

9. In 1991, the Centre offered internships to approximately 50 students from around the world. Students of business, economics and law from, inter alia, Germany, Hong Kong, India, the Netherlands, Romania, Thailand, Trinidad and Tobago, Turkey and the United States of America were offered unpaid internships. The interns were able to make a useful contribution to the Centre's work, while gaining insight into the functioning of the Organization.

C. Coordination

10. In 1991, the Centre continued its close cooperation with the organizations and bodies of the United Nations system, as well as other organizations, including the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), the secretariat of the United Nations Conference on Environment and Development, the World Bank, the United Nations Industrial Development Organization (UNIDO), the International Organization for Migration (IOM) and the Organisation for Economic Cooperation and Development (OECD). Activities included the following:

(a) The Centre assisted UNCTAD in preparations for its eighth session and undertook several joint studies, including a study on The Impact of Trade-related Investment Measures on Trade and Development: Theory, Evidence and Policy Implications, 2/ and a study on the role of transnational corporations in the promotion of manufactured exports from developing countries through joint ventures and non-equity links. Also in 1991, a comprehensive project on the role of transnational corporations in world trade and especially in exports from developing countries was launched jointly with UNCTAD. The Centre, UNCTAD, IOM and the Friedrich Ebert Foundation jointly initiated a project on foreign direct investment, trade and international migration. The Centre also cooperated with the Friedrich Ebert Foundation in the organization of its 1991 seminar for members of the Second Committee;

(b) Together with the World Bank, the Centre has begun work on a publication entitled Handbook: Issues in the Liberalization of International Transactions in Services;

(c) The Centre has collaborated with OECD in the preparation of a background document for a workshop on foreign direct investment in the dynamic Asian economies, to be held in 1992;

(d) With regard to the United Nations Conference on Environment and Development, the Centre participated in the Conference's preparatory meetings in Geneva and New York, while the Conference secretariat contributed to the preparation of the Executive Director's recommendations (E/C.10/1992/2). The Centre assisted UNIDO in organizing its Ministerial Conference on Ecologically Sustainable Industrial Development;

(e) The Centre participated in the work of the Advisory Committee for the Coordination of Information Systems (ACCIS) on the question of database dissemination. It also exchanged information with the International Labour Organisation (ILO) concerning employment by transnational corporations, and shared data and methodologies of data collection and analyses with UNCTAD, the regional commissions, the World Bank, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT);

(f) In the area of accounting and reporting, the Centre continued to cooperate with standard-setting bodies such as the International Accounting Standards Committee, the International Federation of Accountants, the Working Group on Accounting of the Organisation for Economic Cooperation and Development, the Fifteenth Directorate of the Commission of European Communities, and the International Asset Valuation Standards Committee, as well as a number of regional organizations. The Centre contacted over 200 national accounting bodies to inform them of the latest activities of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The Centre and the Fédération internationale des experts-comptables francophones, with the support of ILO and the World Bank, held an International Conference on the Development of Accounting in Africa. The Centre also participated in two OECD meetings, one on intangible assets (May 1991) and the other on privatization (November 1991). In addition, the Centre attended consultative group meetings of the International Accounting Standards Committee and its meeting on conceptual frameworks;

(g) The Centre continued its active cooperation with regional and international agencies that either provide or are the recipients of technical assistance, such as UNIDO, UNCTAD, the World Bank, the Food and Agriculture Organization of the United Nations (FAO), the Association of South-East Asian Nations (ASEAN), the Andean Pact, the Caribbean Community, the Commonwealth Secretariat, the Preferential Trade Area for Eastern and Southern African States (PTA) and the Economic Community of West African States (ECOWAS). Cooperation with other United Nations agencies, in particular, has intensified as a result of the inter-agency coordinated programme approach that is a UNDP requirement with respect to the preparation of the fIfth programming cycle of activities.

11. The Centre expanded its cooperative links with the academic world. In particular, the Centre cooperated with scholars throughout the world in the preparation of the UNCTC Library on Transnational Corporations, a 20-volume review of the field, which brings together academic experts in all fields related to transnational corporations. Furthermore, the Centre participated in the 1991 session of the Academy of International Business by organizing and chairing a number of panels.

D. Publications programme

12. During the reporting period, the Centre attached high priority to the implementation of its publications programme. More than 80 technical papers and parliamentary documents were prepared by the Centre and its joint units in 1991. They covered subjects as diverse as the development of accounting in Africa, industrial hazards disclosure, trade-related investment measures, and foreign direct investment and technology transfer in India. More specifically:

(a) In October 1991, the Centre issued the World Investment Report 1991: The Triad in Foreign Direct Investment, 3/ the first in a series of annual reports that provide data on trends in global foreign direct investment, along with in-depth analyses of selected themes relating to transnational corporations. The World Investment Report 1991 was well received and widely reviewed in the international business press and in academic journals.

(b) The Centre also issued the first two studies in a new Environment Series, which explores the special responsibility that transnational corporations have for the protection of the environment. Transnational Corporations and Industrial Hazards Disclosure 4/ recommends disclosure legislation for developing countries to enable effective accident prevention and emergency response. Climate Change and Transnational Corporations: Analysis and Trends 5/ focuses on six transnational energy-producing and energy-consuming industries, in which corporate practices have a direct and major impact on the problems associated with global climate change.

(c) The Centre addressed the important issue of human resources development in the University Curriculum on Transnational Corporations. 6/ The three-volume curriculum presents a basis for long-term training for government and public sector officials in economic development, international business and international law.

(d) As a contribution to the transition process of the countries of Central and Eastern Europe to a market economy, the Centre issued in early 1991 The Challenge of Free Economic Zones in Central and Eastern Europe: International Perspectives. 7/ The study, which was translated into Russian and Ukrainian, found that free economic zones may be an avenue for facilitating the integration of the previously closed socialist economies into the international economic system. Additionally, they offer an opportunity to

experiment with new organizational and management approaches that could be used in the country at large.

(e) The first of a series of publications in coordination with the United Nations Conference on Trade and Development was published, namely, The Impact of Trade-related Investment Measures on Trade and Development: Theory, Evidence and Policy Implications; 2/ it examines whether TRIMs have a significant impact on international investment and trade decisions.

(f) Two new publications of reference value for researchers and information providers are Transnational Corporations: A Selective Bibliography, 1988-1990 8/ and Transnational Business Information: A Manual of Needs and Sources. 9/

(g) After 32 issues in the same format, The CTC Reporter has been redesigned with the objective of attracting a new and expanded readership. Renamed Transnational Corporations: A Journal of the United Nations Centre on Transnational Corporations, it will be published three times a year. The new journal will focus on in-depth, policy-oriented research findings on issues relating to the activities of transnational corporations.

(h) Transnationals, the Centre's quarterly newsletter, continued to give government officials, company executives, academics and others a brief look at new issues and concerns in the area of international business. Each issue draws from the Centre's most recent research and technical assistance. Numerous letters from government officials and university professors underscored its usefulness in policy-making and teaching.

13. On the technical end of the publications programme, the Graphic Presentation Unit in the Department of Conference Services developed a new cover design for the Centre's publications. Unfortunately, there has been no resolution of the problem of editing the Centre's technical publications; since no financial resources are allocated for that purpose, the Centre has had to count almost exclusively on its in-house editing capacity.

E. Outreach activities

14. The main objectives of the Centre's outreach activities are twofold. The first objective is to reach those whose work might benefit from the Centre's research and technical assistance experience. The second is to strengthen the Centre's work by creating a larger pool of insight and experience on which to draw.

15. The publication of the first World Investment Report, in July 1991, was marked by unprecedented visibility in the international press. This was the culmination of a concerted effort to forge stronger relations with the news media, both local and foreign. Articles on the Centre and foreign direct investment appeared in, among other papers, the Financial Times, The Economist and the Christian Science Monitor, provoking interest and world-wide

follow-up. At the same time, regular contributions to smaller journals and publications, such as the Development Forum, continued to result in a large number of developing country requests for information. In 1992, the outreach activities will focus in particular on cementing relations with the international media.

16. The Centre also intensified its efforts to make the members of the Second Committee aware of the new trends and policy issues in foreign direct investment bearing on their work. Three weekend seminars were organized by the Centre, two on transnational corporations and sustainable development, and one that dealt more generally with transnational corporations in international growth and development. From the feedback received, the members of the Second Committee found the seminars useful. Should additional funds become available, the Centre plans additional briefings.

17. To attract a wider readership to its publications, the Centre sought the expertise of the Sales Section of the Department of Conference Services. Advertisements for the Centre's publications were placed in international business journals and mass mailing campaigns were carried out to attract new readers.

18. The Centre updated and reprinted the brochure on the technical cooperation programme. The brochure was sent to Governments of developing countries and to UNDP resident representatives to inform them of the kind of advisory assistance the Centre offers.

19. In 1991, as in previous years, the Centre's staff gave numerous briefings to groups from, inter alia, universities and non-governmental organizations.

F. Ad hoc expert group meetings

20. Ad hoc expert group meetings provide insights into major international issues related to transnational corporations and discussion of future avenues of work on transnational corporations. In 1991, 10 such meetings were held.

21. For example, an ad hoc expert group meeting, held in October 1991, launched the research effort for the World Investment Report 1992. The meeting provided insights into the interrelationship between foreign direct investment and economic development, focusing on the contribution of transnational corporations to host countries' trade, technology, human resources, investment and environment. The Centre also began work, in collaboration with the World Bank, on a Handbook on Issues in the Liberalization of International Transactions in Services. The Handbook is intended to be of practical assistance to developing countries in their review and reformulating of policies, including the liberalization of foreign direct investment and trade in services. A joint Centre/World Bank ad hoc expert group met in November 1991 to discuss the scope and methodology of the Handbook. Another one-day expert group meeting considered issues and problems emanating from the closure of a transnational bank (BCCI). The expert group

stressed the need for an effective international framework to deal with the closure of transnational banks. Experts also identified areas for future regulatory reforms, in order to provide a better exchange of information and coordination among national regulatory authorities in the interest of more effective supervision of transnational banking.

22. A series of expert group meetings were organized to elaborate the Centre's work programme in the area of transnational corporations and the environment and to exchange views on related complex methodological issues. One expert group meeting considered the report of the Secretary-General on the contribution of the Commission and the Centre to the work of the Preparatory Committee of the United Nations Conference on Environment and Development and reviewed and commented on the draft of that document. The experts, who included business executives, management experts from academia, representatives from environmental non-governmental organizations, technical experts from other intergovernmental organizations and parliamentarians, focused on the areas in which transnational corporations could contribute to sustainable development and proposed policy recommendations. Another two-day meeting, entitled "Transnational corporations and the environment: planning for the future", was designed to apprise delegations of critical environment and development issues. The agenda included presentations on environmental management, auditing, accounting and international environmental law by experts from academia and corporate executives, mechanisms for the transfer of environmentally sound technologies, such as trade and investment measures, market incentives and new global revenues, to developing countries. An expert group meeting on the recommendations of the Executive Director on transnational corporations and sustainable development, elaborated in response to the request of the Economic and Social Council, took place in late 1991. Expert group meetings were also held on the issues of accounting for privatization and the interrelationship between trade and investment.

G. Expert advisers

23. During the review period, the expert advisers have remained a unique source of high-level expertise and advice to the Centre. Particularly useful was their insight with respect to the future direction of the Centre's work programme. The specific projects and activities in which they participated include the design of the Fifth Survey on Transnational Corporations in World Development, the World Investment Report 1992 and the Centre's input for the United Nations Conference on Environment and Development.

II. SECURING AN EFFECTIVE CODE OF CONDUCT AND OTHER INTERNATIONAL ARRANGEMENTS AND AGREEMENTS RELATING TO TRANSNATIONAL CORPORATIONS

A. Code of conduct

(1991-1992 programme element 1.1)

24. Pursuant to General Assembly resolution 45/186, in which the President of the General Assembly, with the support of the Secretary-General, was requested to arrange for intensive consultations aimed at achieving an early agreement on a code of conduct on transnational corporations, for presentation to and adoption by the General Assembly at its forty-sixth session, informal consultations were held from 22 to 26 April and on 24 and 25 June 1991 in New York, on 12 July 1991 in Geneva and on 24 and 25 September 1991 in New York. The secretariat provided substantive support for those consultations. A number of background and analytical papers were prepared on the basis of which the President of the General Assembly made some concrete suggestions on the draft preamble and the machinery for follow-up, with a view to assisting in reaching final agreement on the code as a whole.

25. At the June 1991 meeting, it was agreed to set up an open-ended informal working group to discuss the substantive issues and to make suggestions for best disposing of them. The working group decided to elaborate a list of issues that needed to be addressed during the consultations. To that end, the Centre invited delegations to communicate in writing the issues to be discussed, and prepared a note summarizing the responses from delegations. In the light of several important international meetings (including, inter alia, the Uruguay Round of multilateral trade negotiations, the United Nations Conference on Environment and Development and the eighth session of UNCTAD), which could have a bearing on the code of conduct, consensus emerged among delegations, at the last round of consultations, in September 1991, that further intergovernmental consultations on the code of conduct should be postponed until the results of those meetings became known, that is, until June-July 1992. In the interim period, it was agreed that the secretariat should continue its activities relating to the code of conduct with a view to further clarifying the outstanding issues and reviewing and assessing developments relevant to those consultations.

B. International standards of accounting and reporting

(1991-1992 programme element 1.2)

26. The Centre continued to provide assistance to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting in discharging its mandate to promote the harmonization of accounting standards and to help countries in the process of setting such standards. The work of the Group has become particularly important recently. First, the increased globalization of capital markets makes adequate

information disclosure and accounting standards more important than ever. Secondly, developing countries continuously seek to increase their accounting capacity, but lack the basic infrastructure (i.e., accountants and accounting standards) to do so. Thirdly, the former centrally planned economies have become aware that a crucial step in their transition to market economies is the development of an accounting system capable of measuring financial performance at the enterprise level. A clear indication of the interest in and importance of the work in this area is the expanding membership of the Group - from 21 members in 1986 to 31 in 1991. In recognition of the importance and relevance of the activities in this area, the Economic and Social Council, at its second regular session of 1991, endorsed the recommendation of the Commission to extend the Group's mandate for another five years.

27. During 1991, the Centre carried out, on behalf of the Group, an extensive programme of research, technical cooperation and liaison. The Centre engaged in research in the areas of global and national accounting issues, environmental accounting, privatization and accounting education. The Centre also prepared reports on key international issues in this area (13 reports) and provided substantive service for the session of the Group, held in New York from 5 to 15 March 1991. The report of the Group is contained in document E/C.10/1991/12 and Corr.1. The Centre also organized a workshop on auditing, in the former Soviet Union in February, an ad hoc meeting on accounting problems arising during privatization, at Geneva in September, an International Conference on Accounting in Africa, at Dakar in October, and the final meeting of the International Task Force on Accounting Reform, at Moscow in October.

28. The Centre is currently considering more than 10 technical cooperation projects in the areas of accounting training, standard-setting and strengthening the profession, which were presented at the Dakar Conference. The Centre is also exploring the possibility of setting up a training programme for regulators in emerging capital markets. Considerable effort has gone into communicating and cooperating with numerous international, regional and national accounting bodies. Such outreach not only raises the awareness of crucial issues but also injects a global view into forums dominated by private and/or national interests. Lastly, within the framework of Economic and Social Council resolution 1985/71, in which it was agreed that the results of the work of the Group should be brought to the attention of all interested parties, the Centre prepared its annual report entitled International Accounting and Reporting Issues: 1991 Review. 10/

29. In addition, the Centre continued to support a programme of technical cooperation in accounting education in the former Soviet Union, with the engagement of a number of the largest international accounting firms. During the past two years, over 400 upper-level university students have been trained in western accounting. In 1992, with the help of national and international donors, the programme will be expanded to train professors and practitioners.

C. International, regional and bilateral arrangements and agreements relating to transnational corporations

(1991-1992 programme element 1.3)

30. The Centre prepared a report concerning the international framework for foreign direct investment (E/C.10/1992/8), in which it analysed the evolution of main concepts, definitions and principles relevant to international investment relations and their application to current discussions and practice. Also examined in the report are new issues in international relations that need to be addressed more specifically in a global international framework. Such analysis would facilitate a better understanding of the meaning and significance of the code provisions in today's investment environment. The report will be submitted to the Commission at its present session.

31. Pursuant to resolution 1991/1, adopted by the Commission on Transnational Corporations at its seventeenth session, the Centre prepared a report reviewing the status of efforts by the United Nations to address the issue of corrupt practices in international business transactions (E/1991/31/Add.1-E/C.10/1991/17/Add.1). Thus far, most such efforts have concentrated on the drafting of an international agreement under the auspices of the Committee on an International Agreement on Illicit Payments, for which the Centre provides secretariat services. The report, which also emphasized the main dimensions of the problem for policy makers in today's business transactions, was submitted to the Economic and Social Council at its second regular session of 1991.

32. During the period under review, the Centre was actively engaged in international discussions and symposia involving governmental and non-governmental organizations, as well as academia and other interested groups, on matters relating to issues of international governance, and closely followed developments in other international instruments and forums. In December 1991, the Centre participated in a symposium organized by OECD on the review of the OECD Guidelines for Multinational Enterprises and International Investment, at which the possibilities for expanding the Guidelines to new users and populations, and the interrelationship between the Guidelines and the code, were discussed. Also in December, the Centre, in consultation with local governmental authorities, convened a special meeting in London to consider issues of transnational bank failure. Fifteen experts were invited, including authorities from the legal and accountancy professions, Central Bank Governors, and other governmental authorities. Recommendations for action emerged from that meeting.

33. In addition, the Centre is organizing a brainstorming meeting, scheduled to take place in March 1992, aimed at creating an international monitoring mechanism to improve transparency in procurement processes involving development projects. To that effect, it has prepared a paper examining existing procurement practices and suggesting various options for improvement.

34. The Centre has continued to monitor the evolution of other international instruments relevant to foreign direct investment, notably bilateral investment treaties, which have continued to expand during this period. It has completed, jointly with the International Chamber of Commerce, a new publication containing the latest listing of those treaties.

35. The Centre has also completed a Compendium of Selected International Instruments on Foreign Investment. The Compendium is the first publication of its kind and will reproduce about 80 multilateral and regional instruments. It will be revised and updated so as to provide the main international source for a comprehensive and up-to-date collection of international materials.

III. MINIMIZING THE NEGATIVE EFFECTS OF TRANSNATIONAL CORPORATIONS AND ENHANCING THEIR CONTRIBUTION TO DEVELOPMENT

A. Analysis of general trends in the nature and extent of the operations of transnational corporations

Transnational corporations and international economic relations

(1991-1992 programme element 2.1)

36. Building on the report of the Secretary-General on the trial in foreign direct investment (E/C.10/1991/2), which was submitted to the Commission at its seventeenth session, the Centre published a study entitled World Investment Report 1991: The Triad in Foreign Direct Investment. 3/ In the study, it is noted that, during the period 1983-1989, the flow of world-wide foreign direct investment grew at the rate of 29 per cent - three times faster than the growth of world exports and four times faster than that of world output. Transnational corporations were thus clearly emerging as a much more significant force in the international economy than in the past. A major finding of the study was that world foreign direct investment is dominated by the triad (the European Community, Japan and the United States), both in terms of inflows and outflows. There has been some increase in the sources of foreign direct investment, particularly with the emergence of Japan as a major international investor. However, in terms of inflows, the growing dominance of the triad led to a decline in the share of foreign direct investment received by developing countries. It is further noted that, apart from the rapid increase in quantitative terms, foreign direct investment became increasingly important in economic growth because of its growing interlinkage with trade, financial flows and technology transfer. In that context, it was found that most of the countries were clustered around a triad member in the same region in terms of its foreign direct investment flows. That is in part due to historical, cultural and political links, which had been strengthened by corporate strategies in response to a growing tendency towards regionalization. An important policy implication of that finding is that the scope for national policies to attract foreign investment is becoming more limited as transnational corporations look at regions rather than at

individual countries as their markets, and hence the need for the formulation of foreign direct investment policies in the context of regional economies.

37. The World Investment Report will be part of a new series issued annually by the Centre, presenting data and analysing trends relating to transnational corporations and foreign direct investment. It will focus on a topic emerging from the Centre's ongoing research activities. The World Investment Report 1992: Foreign Direct Investment and Economic Growth will address the impact of the activities of transnational corporations on the growth and development of host developing countries. It will specifically analyse the impact of foreign direct investment and transnational corporations on each of the elements that contribute to growth, namely, investment, trade, technology, human resources development and the environment. In that context, the Centre organized an expert group meeting on transnational corporations and economic growth, which was held in New York on 16 October 1991.

38. The Centre's analysis of the role of transnational corporations in world development is being carried forward in research for the Fifth Survey on Transnational Corporations in World Development, due to be completed by the end of 1992. Many of the issues raised in the World Investment Report 1991 have been further explored, at the request of the Commission, in reports submitted to the current session of the Commission. Global patterns of foreign direct investment are analysed in document E/C.10/1992/3, the contribution that foreign direct investment and other activities of transnational corporations make to economic growth is analysed in document E/C.10/1992/4, while important policy implications are presented in E/C.10/1992/5.

39. The Centre contributed its expertise in those areas to a number of meetings and workshops, including the annual meeting of the Academy of International Business, 17-18 October 1991; an international expert group meeting organized by the United Nations Centre for Regional Development entitled "Organizational behaviour and industrialization: lessons from transnational corporations in the manufacturing and agro-based industries sectors", held from 10 to 13 November 1991; and an International Conference on North American Free Trade Agreement and the Pacific Basin, organized by El Colegio de Mexico, from 25-27 November 1991.

40. The question of policy regimes as a determinant of foreign direct investment and the influence that specific government policies regarding foreign direct investment have on the level of investment flows has been addressed in a study on Government Policies and Foreign Direct Investment, 11/ which was published at the end of 1991. Also, a study entitled The Determinants of Foreign Direct Investment: A Survey of the Evidence, 12/ which analyses factors that cause transnational corporations to undertake investments abroad, has been published.

41. In its continuing series of seminars for members of the Second Committee, the Centre, in cooperation with the Friedrich Ebert Foundation, held an intensive weekend seminar on foreign direct investment in a changing

international economy, at Princeton from 13 to 15 September 1991. The seminars are intended to strengthen the understanding of issues relating to transnational corporations and foreign direct investment among members of the Second Committee who, in the course of their work, are called upon to make decisions on matters dealing with international economic relations. Among the faculty of the seminars are members of the Centre's staff and high-level experts from the academic community and other international organizations. The 1991 seminar dealt with recent developments in the foreign-direct-investment area, including the changing strategy of transnational corporations, and new legal and policy issues stemming from change.

42. The Centre is in the process of completing a study on transnational corporations from developing countries. The study examines the growth of transnational corporations from those countries and identifies the principal characteristics of their investment activities in terms of sectoral distribution, geographical coverage and technological activities. Those characteristics are then related to home countries' development strategies and industrial policies. More importantly, the study examines the benefits that accrue to home developing countries from outward foreign direct investment in terms of their impact on the balance of payment, access to and transfer of technologies and industrial restructuring. From that perspective, the study differs significantly from the available literature on transnational corporations from developing countries. The study should also provide a basis for technical assistance to developing countries with regard to the formulation of policies towards outward foreign direct investment.

43. During 1991, the Centre finalized a study entitled "Regional economic integration and transnational corporations in the European Community, 1957-1985: the record assessed". The study discusses the impact of early integration efforts in the European Community on the activities of transnational corporations in order to address the likely effects of the 1992 integration programme. It is among the only studies to look at the impact of European integration on foreign direct investment in developing countries. The report will serve as the first volume of a two-part study on European integration and transnational corporations. In 1991, the Centre completed field work for the study. The work consisted of detailed interviews with top-level managers from some 60 transnational corporations located in Europe, the United States, Japan and a number of developing countries. The results will shed new light on the impact of regional integration on the investment strategies of transnational corporations and especially the implications of the completion of the single market for foreign direct investment flows to developing countries. The Centre contributed its expertise in this area at a conference entitled "Multinationals in Europe 1992", held at the Institut scientifique de Cargese in May 1991.

44. The Centre continued its research on the role of small and medium-sized transnational corporations in the international economy. In particular, it is examining the contributions those firms can make in the development of developing countries, as well as the role of public policies in enhancing

those contributions; evaluating existing programmes of support in selected developed countries to small and medium-sized transnational corporations wishing to invest abroad; proposing policy options for developed and developing country Governments and international organizations aimed at encouraging the participation of small and medium-sized transnational corporations in activities beneficial to developing countries; and suggesting ideas for a programme of technical assistance to aid developing countries in maximizing the contribution of small and medium-sized transnational corporations to their development. In that context, the Centre participated in the International Small Business Congress, held from 29 September-2 October 1991.

45. Following the publication of The Challenge of Free Economic Zones in Central and Eastern Europe: International Perspectives, 7/ the Centre, in cooperation with the Ukrainian School of International Business and the Ukrainian-American Renaissance Foundation, organized a series of international workshops on free economic zones in Ukraine, at the request of the Standing Committee on Foreign Affairs of the Ukrainian Parliament, between 13 and 24 May 1991. The workshops had as background documents a Russian translation of the above-mentioned publication and a Russian summary of Economic and Social Effects of Multinational Enterprises in Export Processing Zones, which was jointly prepared by the International Labour Office and the Centre. As part of the mission, the Ukrainian law on free economic zones was revised. As a follow-up to the seminar, the volume on The Challenge of Free Economic Zones in Central and Eastern Europe has been translated into Ukrainian and is being published in Kiev. As a further follow-up, a young Ukrainian professional was sent to the Centre for training in issues related to free economic zones and foreign direct investment. Furthermore, a one-day workshop on foreign direct investment and national development was organized in New York for a Ukrainian Parliament delegation on 22 November 1991. Subsequent to the workshop, the Centre prepared notes on the Ukrainian law relating to foreign direct investment, which were sent to the Parliament of Ukraine.

46. The Centre also prepared a set of documents entitled "Materials for the formulation of a foreign direct investment framework", which was sent to the Republics of the former Soviet Union. The package is meant to assist the parliaments and Governments of the Republics in the establishment of an appropriate framework for foreign direct investment and especially in the establishment of free economic zones.

47. At the request of the Mayor and the City Council of Saint Petersburg, the Centre organized an international conference on free economic zones: experience and perspectives, from 10 to 14 December 1991. The conference had as background documentation a draft Russian translation of The Challenge of Free Economic Zones in Central and Eastern Europe, which is expected to be published in 1992.

48. In cooperation with UNCTAD and the International Organization for Migration, the Centre has embarked on a project on foreign direct investment, trade and international migration to analyse, enhance and refine the existing

knowledge of the interrelationship between migration and the role that foreign direct investment and trade can play in this respect, particularly by promoting development and creating employment. On the basis of this analysis, it is expected that policy makers in both the public and the private sectors will be assisted in evolving and/or reorienting policies, institutions and approaches which will ensure the maximum impact of foreign direct investment and trade. In this context, the Centre, in cooperation with UNCTAD, the International Organization for Migration and the Friedrich Ebert Foundation, held a seminar entitled "International migration: the impact of employment policies, foreign direct investment and trade", in New York on 21 and 22 November 1991. The seminar brought together international experts on migration, trade and investment and served as a brainstorming event for the launching of the above-mentioned project.

49. The Centre also assisted UNCTAD in aspects of the preparations for the eighth session of UNCTAD, by providing inputs on specific topics such as the interlinkage between foreign direct investment, trade and technology transfer; trends in national policies with regard to foreign direct investment; and foreign direct investment in services. In addition, the Centre participated in several meetings on major issues of relevance to the eighth session of UNCTAD, including one in Caracas, from 13 to 15 February 1991, which focused on the role of private and public sectors in promoting sustainable development.

50. The initial volumes of the World Investment Directory (ST/CTC/66) have been completed. The Directory is the outcome of more than two years of intensive work that included collecting foreign direct investment statistics, developing a common format for presenting those statistics for all countries, creating a computerized database and coordinating a network of country correspondents and experts on foreign direct investment in developed countries and the largest developing countries in Asia, Latin America and Africa. The Directory consists of six volumes: Asia and the Pacific; developed countries; Latin America and the Caribbean; Africa and Western Asia; Central and Eastern Europe; and global trends. Each of the five regional volumes contains country profiles of the major countries in the respective regions, preceded by an analytical overview discussing the main issues and trends in the inward and outward investment in that region and the regulatory framework within the region and a technical note outlining the main methodological problems and the conventions followed in the Directory. Each country profile contains foreign-direct-investment time-series data on stocks and flows, including their industrial and geographical breakdown; corporate data on the largest transnational corporations in and from each country; a list of the main laws and regulations and bilateral and multilateral treaties relating to foreign direct investment; the main official sources of data; and a bibliography and definitions of the key variables. The sixth volume of the Directory summarizes the five regional volumes by presenting world foreign direct investment flow and stock data. The volume also includes a series of papers on the methodology of foreign-direct-investment statistics, discussing their pitfalls and making recommendations for their improvement.

51. The expertise gained in preparing the Directory was shared at a meeting of the OECD Group of Financial Statisticians, held in March 1991, and will be utilized in a seminar on foreign direct investment in Latin America (organized with the Joint Unit established with the Economic Commission for Latin America and the Caribbean (ECLAC)), and in a workshop on foreign direct investment in the dynamic Asian economies (organized by OECD). As background documentation for this workshop, the Centre prepared a paper on foreign direct investment in Asia and the Pacific during the 1980s and, together with OECD, a paper on foreign direct investment in the dynamic Asian economies. The purpose of the seminar in Latin America is to promote the preparation of a homogeneous and comparable statistical series on foreign direct investment in the countries of the region and at the international level, thereby broadening the experience of national experts in this connection.

52. The Centre continued to work on the UNCTC Library on Transnational Corporations, to be published by Routledge (London). The aim of the library (which consists of 20 volumes edited by experts from the field) is to contribute to a better understanding of transnational corporations throughout the world, in particular in developing countries. The literature on various aspects of transnational corporations has increased in the past 20 years to such an extent that it is difficult to know which approach best covers any particular aspect of transnational corporations. That, in turn, makes it difficult for students, government officials, corporate executives and others to obtain a state-of-the-art overview of various aspects of the emergence, growth, operation, impact and future of those corporations. The purpose of the library is to bridge that gap. The volumes cover the following subjects:

(a) Theoretical perspective;

(b) Historical perspective;

(c) Economic development;

(d) Business strategy;

(e) International financial management;

(f) Organization;

(g) Governments and transnational corporations;

(h) International trade and payments;

(i) Economic integration;

(j) Natural resources;

(k) Industrialization;

(l) Innovatory activities;

(m) Cooperative forms of activity;

(n) Transfer pricing and taxation;

(o) Services;

(p) Technology transfer;

(q) Legal issues;

(r) Market structure and industrial performance;

(s) Human resources;

(t) Codes of conduct.

Eight volumes have been completed and sent to the publisher. The first four volumes are expected to be published at the beginning of 1992. The remaining volumes are in their final phase of preparation and will be sent to the publisher in the first quarter of 1992.

B. Examination of measures strengthening the negotiating capacity of Governments in their relations with transnational corporations

Analysis of laws, regulations and policies relating to transnational corporations

(1991-1992 programme element 2.4)

53. Volume IX of the series National Legislation and Regulations Relating to Transnational Corporations (ST/CTC/105) has been completed and will be ready for publication by the Centre in early 1992. The volume contains a comprehensive study of the foreign investment laws and related statutes affecting foreign investments in 15 selected countries, representing sub-Saharan Africa, Asia and the Pacific, the Middle East and North Africa and Latin America.

54. The Centre is also preparing a handbook on ways to negotiate bilateral investment treaties, focusing on negotiating techniques and drawing on the experience of negotiators. It is intended to serve as a practical tool for future negotiations.

Economic and legal analysis of host country policies

(1991-1992 programme element 2.6)

55. The Centre, in cooperation with UNCTAD, undertook a study on The Impact of Trade-related Investment Measures on Trade and Development: Theory, Evidence and Policy Implications. 2/ With financing from the UNCTAD/UNDP Technical Assistance Programme to assist developing countries to participate more effectively in the Uruguay Round, the project explored a number of questions, including whether and under what circumstances the impact of TRIMs is distortionary; the welfare effects of TRIMs, globally and for the countries applying them; and the contribution of TRIMs to the development process and to the control of anti-competitive practices.

C. Analysis of the political, social, environmental and cultural impact of transnational corporations on host developing countries

1. Activities of transnational corporations in South Africa

(1991-1992 programme element 2.7)

56. Pursuant to Economic and Social Council resolution 1991/54, the Centre prepared for submission to the Commission an updated report on the role of transnational corporations in South Africa (E/C.10/1992/6). The report examines the impact of sanctions on the South African economy which led the Government of South Africa to repeal key apartheid legislation. The reaction of the international community to the repeal of such legislation is then examined in terms of measures repealed and measures still remaining in force. The report also deals with the role of transnational corporations in the South African economy in the 1990s. Following an examination of the disinvestments/investments recently undertaken by transnational corporations, an analysis is made of the domestic market and external constraints to attracting investments from transnational corporations. An optimistic scenario for attracting transnational corporations is then made in the context of the medium- to long-run prospects of the South African economy. The role of transnational corporations in employment and education of black South Africans is also touched upon.

57. Pursuant to Economic and Social Council resolution 1990/70, the Centre also updated the "List of transnational corporations with interests in South Africa" (E/C.10/1992/7), containing information on transnational corporations that have disposed of their equity interests and on those that continue to operate there. Transnational corporations that have disposed of their equity interests were canvassed by mail as to their non-equity links in South Africa and their attitudes towards prospective reinvestment there. Transnational corporations that continue to operate there were queried about changes that may have occurred in their operations during the past year and on their current or prospective participation in social responsibility programmes,

education, training, development, or entrepreneurial efforts directed towards enhancing the skills of the indigenous labour force.

2. Transnational corporations and the environment

(1991-1992 programme element 2.9)

58. In the area of transnational corporations and the environment, the Centre focused on the implementation of section II of Economic and Social Council resolution 1991/55. More specifically, the Centre prepared the recommendations of the Executive Director for mobilizing and encouraging large industrial enterprises, including transnational corporations, to cooperate in efforts to protect and enhance the environment in all countries (E/C.10/1992/2). The recommendations were before the Commission during the first part of its eighteenth session in January 1992.

59. The Centre carried out a benchmark survey of international corporate environmental policies and released the first preliminary statistical results. The survey, which was undertaken with the financial support of the Government of the Netherlands, achieved a 20 per cent response rate. The statistical results of the survey were presented to the three working groups and the plenary meetings of the Preparatory Committee for the United Nations Conference on Environment and Development, at its third session, held at Geneva in August 1991.

60. The first stage of the project, entitled "Options to facilitate the transfer of environmentally sound technologies to developing countries under favourable terms", is well under way and has so far produced two packets of executive summaries. A third packet is near completion. The project is designed around three stages: preparation of 25 executive summaries on new and innovative mechanisms that can help increase the transfer of environmentally sound technologies; circulation of the packets among experts; and presentation of the results to the Preparatory Committee meetings and to the United Nations Conference on Environment and Development. The two packets containing executive summaries have been widely circulated among government representatives, company officials, international organization representatives and other experts (a total of over 500) for comments. The drafts were distributed at the second and third sessions of the Preparatory Committee at Geneva. A preliminary draft on a mixture of options was prepared and discussed at an advisory meeting in November 1991.

61. The drafts have also been distributed at a number of governmental and non-governmental conferences, including the Second World Industrial Conference on Environmental Management, held at Rotterdam in April 1991; the International Working Group Meeting on Technology Transfer, organized by the Aspen Institute and held at Aspen, Colorado, in July 1992; a meeting on financing and environmentally sustainable future, organized by the Investment Management Institute, the Centre and UNEP, held in New York in September 1991; a meeting on North-South relations and the environment organized by Global

Education Associates and held in New York in November 1991; and at several OECD expert group meetings on technology and environment, held at Paris throughout 1991. The financing for this project has been provided by extrabudgetary funds from the Government of Sweden and the Rockefeller Foundation.

62. In response to resolution 1991/55, the Centre provided the Preparatory Committee, at its third session, with information on prototype financial statements that would enable corporations to report their income on a sustainable basis. That input draws on the Centre's project on accounting and reporting for sustainable development.

63. The Centre has been actively participating in the preparations for the United Nations Conference on Environment and Development. It has drafted issue papers for the second session of the Preparatory Committee, participated in the inter-agency meeting on the transfer of environmentally sound technologies and attended the second and third sessions of the Preparatory Committee. The Centre also participated in the ministerial sessions of the regional meeting of ECLAC for the Conference.

64. The Centre has been active in the area of disclosure of environmental information by corporations. In a project aimed at the development of international comparable standards, which would assure consistency in the disclosure of environmental practices by transnational corporations, a questionnaire has been prepared and a number of corporations have been interviewed to provide input for the corporate environmental performance report. It is expected that the project will be completed in early 1992. Activities in this area have included participation in a meeting on company organization and public information to deal with environmental issues, organized by the UNEP Industry and Environment Office, held at Paris in October 1990, and participation in the International Forum on Environmental Information, held at Montreal in May 1991.

65. The Centre has participated in the planning meetings and the Ministerial Conference on Ecologically Sustainable Industrial Development, organized by UNIDO and held at Copenhagen in October 1991. It also attended the Second World Industrial Conference on Environmental Management, held at Rotterdam in April 1991.

66. Cooperation on accident prevention and response is continuing between the Centre and the Organisation for Economic Cooperation and Development.

67. Technical assistance has been provided to Chile, Ecuador and Mexico. In Chile, the Centre is providing expertise to formulate and implement the body of law needed for environmentally sound development of mining activities. Specifically, the Centre is assisting in drafting laws, regulations, norms and quality standards for air, water and land use; the Centre is also assisting in evaluating the need for the proper application, monitoring and enforcement of such laws. In Ecuador, the Centre is reviewing and making recommendations on the draft law for environmental protection in hydrocarbons. In Mexico, the

Centre is providing technical assistance in the formulation of long-term policies and strategies for clean growth. During the last few months of 1991, the recommendations of the Executive Director for the transition to a sustainably managed transnational corporation were prepared as the Centre's contribution to the preparations for Agenda 21 of the United Nations Conference on Environment and Development. The Centre is also assisting the Solomon Islands in formulating environmental legislation, and Mozambique in formulating a mining law.

3. Socio-cultural impact of transnational corporations

(1991-1992 programme element 2.8)

68. In 1989, the Subcommission on Prevention of Discrimination and Protection of Minorities invited the Centre to assist the Working Group on Indigenous Populations to compile information on the investments and operations of transnational corporations on the lands of indigenous peoples. In complying with that request, the Centre designed a questionnaire on transnational corporations' activities, which is being distributed to indigenous groups. More than 700 groups in North America and South America were contacted during 1990-1991, and a progress report was issued on their responses (E/CN.4/Sub.2/1991/49). In 1992, the Centre will expand the project to indigenous groups in Africa and Asia. At the same time, it is analysing some of the responses and writing case-studies based on the materials received.

69. During 1991, the Centre continued its research on women's employment and transnational corporations. It is expected that a background paper will be completed in March 1992 and an expert group meeting organized to discuss the results achieved and to recommend further work.

D. Studies of transnational corporations in specific areas and selected sectors

1. International trade

(1991-1992 programme element 2.2)

70. The Centre is conducting a study, jointly with UNCTAD, on the role of transnational corporations in the promotion of manufactured exports from developing countries through joint ventures and non-equity links such as international subcontracting. Six country case-studies (Colombia, Dominican Republic, Mauritius, Morocco, Thailand and Yugoslavia) are in progress. The results are expected to be published in late 1992.

71. A comprehensive project on the role of transnational corporations in world trade and especially in exports from developing countries was launched in 1991, jointly with UNCTAD. The project will also provide input to the UNCTAD policy paper for its Manufactures Committee, the World Investment Report 1992 and the Fifth Survey. The project will result in a joint

publication on issues related to the role of transnational corporations in the trade of developing countries. The project originated from the needs of both organizations to understand better the interrelationship between trade and foreign direct investment.

2. Transnational banking

(1991-1992 programme element 2.3)

72. The Centre updated and elaborated the reports on transnational banks and the external indebtedness of developing countries (E/C.10/1991/4) and on transnational banks and debt-equity conversions (E/C.10/1991/5); submitted to the Commission at its seventeenth session. Two publications are being prepared to cover these subjects: the first contains an evaluation of the impact of regulatory changes in creditor countries on transnational banks' willingness and incentives to participate in debt-reduction programmes and the need for further action, while the second assesses the developmental impact of debt-equity swaps in the light of four country case-studies (Brazil, Chile, Mexico and the Philippines). Some of the country case-studies were completed in collaboration with the Joint Unit established with ECLAC.

3. Services

(1991-1992 programme element 2.12)

73. After having published nine major reports on services during the period 1988-1990, the Centre continued its work on the role and impact of transnational service corporations on host developing countries and on policy-oriented issues relevant to international transactions in services.

74. A study entitled Transnational Service Corporations: Impact and Policy Issues, including, inter alia, five case-studies on the Maghreb countries (Algeria, Morocco and Tunisia), Mexico, the Andean Pact, Thailand and Zimbabwe, is being finalized for publication.

75. With the financial support of the Danish International Development Agency (DANIDA) and in cooperation with the Technical University of Denmark, the Centre continued its work on the tradability of services by preparing an outline for a case-study on banking services. The outline and issues relating to the methodology for the study were discussed at an informal expert group meeting held at Copenhagen on 11 and 12 November 1991. Participants at the meeting included researchers from the Technical University of Denmark, experts from the banking industry and experts in the field of telematics and information networks.

76. Together with the World Bank, the Centre has also begun work on a publication entitled Handbook: Issues in the Liberalization of International Transactions in Services. The purpose of the Handbook is to assist policy

makers in developing countries to understand the broad policy changes regarding foreign direct investment and trade in services and to assess the importance of an efficient services sector for development. The Handbook is meant to assist in identifying those service industries in which the regulatory framework may require review and the range of instruments that can be utilized to improve the regulatory frameworks. The Handbook is envisioned as the first phase of a larger technical cooperation programme on the expansion of foreign direct investment and trade in services, which will be undertaken by the Centre and the World Bank, if funding can be secured.

77. In 1991, the Centre began work on the Directory of the World's Largest Service Companies - Series Two, as a follow-up to Series One (ST/CTC/110), published in 1990 jointly with Moody's Investors Service, Inc. The second series of the Directory will have a new format consisting of separate volumes on individual service industries, to be published one by one. Based on information provided by the Directory and obtained from other sources, a study on the Determinants of the Transnationalization of Service Industries is under way and scheduled to be published in early 1992.

78. The Centre also contributed expertise to a number of meetings and workshops, including the annual conference of the International Communication Association (session on foreign direct investment, telecommunication and data services), 26-29 May 1991; the annual meeting of the Northeastern Chapter of the Academy of International Business, 2-7 June 1991, with "Services in the global economy" as its major theme; the Teletrade Conference on the Impact of Telecommunication and Data Services on International Transactions in Services, 11-12 September 1991; and the annual meeting of the Academy of International Business, 17-18 October 1991.

4. Other sectors

(1991-1992 programme element 2.11)

79. Many transnational corporations in the manufacturing sector have improved their global competitive positions through the institution of new methods for organizing production. In a project being completed, the Centre is examining the degree to which these new practices on the part of transnational corporations are being transferred to production located in host developing countries.

80. Together with the Joint Units established with the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic and Social Commission for Western Asia (ESCWA), the Centre has initiated a study on transnational corporations and industrial restructuring. (The Joint Unit established with ECLAC is undertaking country studies on this subject.) The study will be conducted in two phases. In the first phase a book-length analysis will be published on the basis of a review of existing empirical literature on the role of transnational corporations in industrial restructuring in its various aspects such as technological

development, changing product composition, export-orientation, organizational changes, and competition and market structure. The study will also include a critical evaluation of existing methodologies for evaluating the role of transnational corporations in industrial restructuring and suggest alternative options. The suggested methodologies will then be used in a second phase to conduct country- and/or industry-specific case-studies.

81. In a forthcoming study on Foreign Direct Investment and Industrial Restructuring in Mexico (ST/CTC/SER.A/18), the Centre and the Joint Unit established with ECLAC analysed the contribution of a group of the largest enterprises with foreign capital in Mexico's manufacturing sector to the industrial restructuring process of that country in terms of improving production efficiency, transferring competitive technology, expanding exports and creating linkages with local supplier industries. Special consideration is given in the study to an evaluation of the performance of enterprises in those respects and to the ways in which that performance has been influenced by macroeconomic policies and regulations governing foreign direct investment. The study attempts to identify policy elements and competitive conditions that must prevail to induce transnational corporations to adopt corporate strategies that promote industrial restructuring in accordance with host country objectives.

IV. STRENGTHENING THE CAPABILITIES OF HOST DEVELOPING COUNTRIES IN DEALING WITH MATTERS RELATING TO TRANSNATIONAL CORPORATIONS

A. Technical cooperation

82. During the period under review, the Centre continued to focus its advisory and training services on economic reform, human resources development, environment and natural resources management and private sector development. The Centre's activities in those broad programme areas were carried out in response to the emerging needs of host developing countries as they restructure their technical assistance programmes towards more sustained growth during the development process. The implementation of the Centre's technical cooperation programme within this framework is in accordance with the guidelines established by the General Assembly for technical cooperation in the 1990s and is financed by government's contributions to the Centre's Trust Funds and by UNDP project funds (see tables 1 and 2). The delivery of training activities is shown in table 3 and the execution of advisory projects in table 4. A separate report of the Secretary-General on the experience gained in technical cooperation activities (E/C.10/1992/10) is also before the Commission. The report contains a discussion on the sharing of financial budgets derived from projects involving transnational corporations, and the relationship between the activities of transnational corporations and national development policy goals.

1. Composition of the technical cooperation programme of the Centre

(a) Economic reform

83. Political developments coupled with dramatic shifts in economic ideologies have provided catalytic changes in target areas for technical assistance among developing and developed countries. Government policy makers and decision makers have been called upon to manage national economies more efficiently within the context of, among other things, the persistent decline of official development assistance and commercial loans. Accordingly, emphasis has been placed on the role of foreign direct investment as a vital element of an overall strategy to mobilize resources based on certain economic reform measures.

84. Host developing countries continue to recognize foreign direct investment as a major source of growth and as one of the critical factors, along with trade, technology and financial flows, accounting for the increasing interdependence of a global economy. Efforts are therefore being made to gear domestic policies towards the creation of a more favourable environment for capital inflows.

85. Within this broad framework of technical assistance, the Centre, in 1991, responded to requests for advisory and information assistance from host developing countries that have recently adopted new economic policies designed to move from a managed system to one adhering, in varying degrees, to a market system and to attract more foreign investors. As reported to the Commission in the previous review (see E/C.10/1991/15, paras. 81-87), the Centre has implemented considerable advisory and training assistance to newly "open door" economies. During the period under review, the Centre continued to provide those services to Afghanistan, Angola, Cuba, the Democratic People's Republic of Korea, Ethiopia, Guyana, Mongolia, Mozambique, Myanmar, Namibia and Nicaragua.

86. During the period under review, the Centre initiated efforts to provide technical assistance to the Mekong Delta countries of Cambodia, Laos and Viet Nam. A programming mission was arranged for those countries in late November/early December to identify immediate needs for technical assistance in the areas of foreign direct investment and technology transfer. Specific areas of assistance have been identified and will be included in the Centre's programme of work for 1992.

87. A special genre of assistance to the newly "open door" economies included advisory and training services provided to Central and Eastern Europe. The Centre's technical assistance has been extended to Albania, Bulgaria and Romania and to members of the Commonwealth of Independent States. Those services addressed reform policies aimed at the reintegration of their economies into the world market, specifically targeting petroleum development, privatization efforts, accountancy development, the establishment of special economic zones and advice on the creation of an appropriate regulatory framework in foreign direct investment.

88. Another highlight of the Centre's technical assistance activities under the programme of economic reform is the advisory services provided to the African National Congress (ANC) in the formulation of investment policies and an investment code for a new South Africa. A number of consultations have been held with the ANC Department of Economic Policy and with South African trade union and business representatives for that purpose. The Centre has also initiated work on developing the terms of reference for a series of policy and sector studies that have been requested by ANC.

89. A significant aspect of the Centre's technical cooperation programme for the newly "open door" economies has been the utilization of technical cooperation among these countries and among those that have had more experience in a market system. The Centre utilizes its vast experience in providing advisory assistance in the area of economic reform to the newly "open door" economies. Assistance in technical cooperation among developing countries is more tangibly manifested through the utilization of experts and consultants from developing countries who have been involved in their own countries' economic reform programmes. The Centre also organized visits of officials from those countries to meet with counterpart officials from other developing countries to discuss common issues, problems and solutions associated with economic reform and foreign direct investment.

90. Interregional cooperation with respect to policies, laws, regulations and institutional mechanisms on foreign direct investment and issues related to transnational corporations is an important instrument for furthering the development process. Intraregional cooperation is not only a medium for the exchange of experiences among the host countries but also reduces the incidence of countries engaging in the costly practice of trying to outbid each other in offering incentives and facilities to foreign investors. During the period, the Centre continued to assist economic integration in East and southern Africa, harmonization of fisheries arrangements in West Africa and harmonization of investment laws in the eastern Caribbean.

(b) Human resources development

91. Human resources development as a target for technical cooperation has been adopted by both donor and recipient countries. Sustained economic reform and growth is preconditioned on efforts taken and success achieved in the area of human resources development. Human resources development has been made an integral part of the Centre's technical cooperation programme as it relates to the development of indigenous capacity of public and private sector officials of host developing countries in their dealings with transnational corporations.

92. The primary manifestation of the Centre's contribution to human resources development continues to be the provision of training services in the form of workshops, round tables, study tours and fellowships, and in-house briefings of government officials by visiting staff members and consultants.

93. During the period under review, the Centre organized national training workshops in Angola, Côte d'Ivoire, Cuba, the Democratic People's Republic of

Korea, Ethiopia, Ghana, Guinea, Nigeria, Romania, the Russian Federation, Seychelles, Thailand and Ukraine. The workshops addressed such issues as project analysis and evaluation, biotechnology, accounting, international procurement, technology transfer, joint ventures, international banking, privatization, free economic zones, and international auditing.

94. Under a UNDP fourth programming cycle project, the Centre provided training assistance to the ASEAN Committee on Finance and Banking by organizing a Conference on ASEAN Financial Systems and a Workshop on Negotiations on Access to Capital Markets, which featured a computerized simulation exercise of a borrowing strategy. Also in 1991, the Centre organized two training activities for the Asia-Pacific region. Senior officials, including ministerial-level representatives from energy and petroleum ministries and national oil companies from 12 countries, attended a high-level round table, which was organized to discuss fiscal and administrative strategies for petroleum exploration and development. Finally, another regional workshop on negotiating joint venture agreements in the tropical hardwoods sector was held. Special focus was given to issues relating to environmental concerns.

95. In 1991, the Centre provided nine fellowships and study tours on investment-related issues for six countries from Africa and Asia and the Pacific.

96. The Centre continued its assistance to institutions of higher learning on issues related to transnational corporations. The three-volume curriculum on transnational corporations, covering the areas of economic development, international business and international law, was published and distributed to participating institutions. For participating institutions in the Asia-Pacific region, support was also provided in 1991 through the distribution of a select number of books and publications in the three disciplines of business, economics and law.

97. In 1991, EMPRETEC, the Centre's programme designed to promote the creation and growth of innovative small and medium-sized enterprises using linkages with transnational corporations, was fully operational in four Latin American and two African countries. Started as a pilot project in Argentina in 1988, EMPRETEC expanded to Uruguay, Chile and Brazil. The project in Paraguay will start in early 1992, the final country in what is becoming an integrated subregional programme. Venezuela, the first country of the Andean Pact subregional programme, will start up shortly. In Africa, EMPRETEC was first introduced in Nigeria in 1989. Ghana, as the second country, was launched in 1990. Attempts are being made to extend the programme throughout the ECOWAS region. In 1991, preparations were finalized to launch EMPRETEC in Zimbabwe. Feasibility studies will be undertaken for Malawi, Botswana, Mozambique, Egypt and Kenya in early 1992. The programme has been very effective in generating and developing new technology-oriented businesses and cross-border ventures among participants.

98. Worldwide, about 10,500 entrepreneurs have applied for the programme. Those who showed the highest potential through written applications, personal interviews and appropriate business proposals were selected as participants. In 1991 alone, 480 new entrepreneurs were trained in 16 workshops, bringing the total number of EMPRETEC graduates to over 1,000. At the same time, international training technology was transferred to 23 local trainers in three languages.

99. About 300 business plans were prepared and analysed by voluntary private sector selection committees. Over $3.5 million in business financing has been arranged with EMPRETEC assistance. More than 140 new businesses have been created in various sectors such as agro-industry, plastic, chemicals, automobile parts, biotechnology, informatics, food processing and textiles. Nearly 200 businesses continue to be generated at an increasing rate as the programme matures and expands to other countries. Some 15 regional and about 20 national joint ventures were formed among former participants, 30 of the entrepreneurs have arranged regional sales agreements and five agreements for transfer of technology have been signed between regional participants. Worldwide, 15 EMPRETEC entrepreneur associations have started networking by sharing their experience and exploring business and investment opportunities.

100. The programme has enlisted the cooperation of over 50 national companies and subsidiaries of the largest transnational corporations such as Apple Computer, Andersen Consulting, Banca Nazionale del Lavoro, Barclays Bank, Citibank, Coca Cola, Dupont, IBM, Ogilvy & Mather, Price Waterhouse and Siemens.

101. EMPRETEC has started to engage in joint activities with other programmes geared towards business development. In 1991, EMPRETEC Nigeria, in cooperation with UNIDO, organized a workshop entitled "Negotiating joint ventures and technology transfer" for Nigerian entrepreneurs participating in an investment promotion forum and rendered follow-up support to selected ventures emerging from the forum.

(c) Environment and natural resource management

102. A large portion of all major natural resources, including hydrocarbons, hard minerals, forestry and fisheries, are in developing countries. However, the developing countries still lack appropriate national capabilities to derive, through effective arrangements with transnational corporations, the optimal economic benefits that their natural resources should otherwise generate to propel their economies into sustainable and higher levels of economic growth.

103. In 1991, the Centre continued to provide assistance to developing countries in the implementation of structural adjustment programmes aimed not only at laying the groundwork for recovery, but also at achieving a more efficient use of their resources. Advisory services were provided to a number of countries, including Albania, Angola, Cameroon, Fiji, Myanmar, Peru, Seychelles, Sierra Leone, Solomon Islands and Uganda, to rationalize

investment policies in the mineral and petroleum sectors and, in some instances, to reduce the producer role of the Government.

104. As government's equity ownership declines as a result of a heavy external debt burden, transnational corporations play an increasingly important role in the economic recovery of those countries, especially in the natural resource sector. The Centre continued to provide assistance in the formulation and negotiations of optimal contractual arrangements with foreign oil and mining companies in Albania, Angola, Seychelles and Sierra Leone.

105. The development of the natural resource sector has, however, been linked to some environmental problems. In some instances, those environmental problems are reversible and in other cases, they are not. In many cases, developing countries do not cater to the protection of the environment and grant concessions or leases to companies, primarily owing to a lack of expertise. Failure to do so can be particularly critical for countries that are heavily dependent on tourism and agriculture.

106. During 1991, the Centre provided advisory assistance to a number of countries, namely, Cameroon, Chile, Colombia, Ecuador, Guyana, Mexico, Mozambique and Solomon Islands, in the formulation of mining legislation with provisions relating to environmental management of resources and operations. Also. in the provision of advisory services concerning specific contractual arrangements with transnational corporations, the Centre has highlighted environmental issues.

(d) Private sector development

107. The partnership between the public and private sectors of developing countries has entered a more challenging era in the 1990s. As the private sector is increasingly recognized as playing a pivotal role in development, the public sector may need to redefine its role, balancing the need for less ownership and extreme regulation with better management monitoring and supervision. The challenge of this new partnership calls for a more systematic involvement of the private sector as the recipient of technical cooperation, particularly in the area of investment.

108. During the period under review, the Centre advised the following countries on privatization activities: Angola, Bulgaria, the Marshall Islands, Myanmar, the Philippines and Romania. In the case of the Philippines, the Centre initiated a project to assist the Government in structuring the implementation of the rules and regulations of an act authorizing the financing, construction, operation and maintenance of infrastructure projects by the private sector under a build-operate-transfer scheme. Advice is also being provided on the implementation of the rules and regulations of an executive order on private sector participation in power generation.

109. The EMPRETEC programme described above is one of the ways in which the Centre provides support to private sector development. Another example

concerns the Office of the Board of Investments of the Government of Thailand. The Centre organized four training workshops on drafting and negotiating joint venture agreements with participants only from the private sector. The workshops were organized in the outlying regions of Bangkok to develop the skills of private entrepreneurs in those regions. The Centre also continued to emphasize the inclusion of private sector participants in its regional training activities.

2. The Centre's technical cooperation programme and UNDP

110. Most of the UNDP-financed projects being executed by the Centre under the fourth programming cycle (1987-1991) were scheduled to terminate at the end of 1991. During that period, the Centre's total involvement in UNDP projects amounted to approximately $8.9 million.

111. Pursuant to General Assembly resolution 44/211, new legislation and guidelines on operational activities of the United Nations system have been put in place which will have significant impact on the Centre's technical cooperation programme by placing greater emphasis on the national execution of projects and successor arrangements for agency support costs.

112. In 1991, the Centre undertook a comprehensive exercise to modify its approach to the development and implementation of UNDP-financed advisory and training activities within the framework of the new arrangements and programme themes of UNDP. Country and regional profiles were drawn up based on research, past delivery of technical assistance and recent programming missions to provide the background and justification of the Centre's proposals for involvement in the fifth programming cycle of UNDP at the country and intercountry levels.

113. In addition, the Centre has taken steps to involve itself further in other UNDP-financed activities such as sectoral support activities and special programme resources.

Table 1. Trust Fund of the United Nations Centre on Transnational Corporations: income, disbursements and balances, 1987-1991 a/

(United States dollars)

	1987	1988	1989	1990	1991
Opening balance	1 120 834	1 050 548	1 841 996	1 982 250	2 899 981
Contributions received					
China	20 000	20 000	20 000	20 000	--
Denmark	104 442	116 081	136 668	176 414	239 337
Finland	112 284	124 595	118 287	175 263	262 182
France	--	64 516	67 742	80 000	71 795
Germany	60 187	54 768	--	--	--
Italy	--	1 713 903	1 499 985	--	--
Japan	--	81 600	--	230 000	--
Malaysia	--	--	--	12 000	--
Netherlands	72 855	74 813	70 320	79 260	341 887
Norway	212 023	224 333	215 641	381 045	325 083
Poland	16 700 b/	--	--	6 500 d/	13 743 e/
Sweden	--	249 688	247 893	529 270	--
Switzerland	202 020	185 185	200 669	413 463	209 790 c/
Zaire	500	500	500	1 000	--
Zambia	--	--	636 c/	--	--
Subtotal	801 011	2 909 982	2 578 341	2 104 215	1 463 817
Interest income	102 696	106 742	46 678	114 071	50 000 f/
Total funds	2 024 541	4 067 272	4 467 015	4 200 536	4 413 798 f/
Less disbursements	973 993	2 225 276	2 484 129	1 300 555	1 479 632 f/
Less pledged contribution	--	--	636	--	209 790
Closing balance	1 050 548	1 841 996	1 982 250	2 899 981	2 724 376 f/

(Footnotes on following page)

(Footnotes to table 1)

Note: A dash (--) indicates that the amount is nil or negligible.

a/ Opening and closing balances reflect contributions in non-convertible currency.

b/ Contribution in non-convertible local currency, converted into dollar value at 300 zlotys per dollar.

c/ Pledged, but not yet received.

d/ Contribution in non-convertible local currency, converted into dollar value at 9,310 zlotys per dollar.

e/ Contribution in non-convertible local currency, converted into dollar value at 10,915 zlotys per dollar.

f/ Preliminary figures.

Table 2. Total extrabudgetary resources and disbursements of the Trust Fund and UNDP, 1987-1991 a/

(United States dollars)

	1987	1988	1989	1990 b/	1991 b/
Total resources	3 507 744	5 374 580	6 162 844	7 023 869	8 038 786
Total disbursements, of which:	2 489 892	3 529 358	4 180 594	4 020 482	5 020 352
Trust fund	973 993	2 225 276	2 484 129	1 300 555	1 479 632
UNDP	1 515 899	1 304 082	1 696 465	2 719 927	3 540 720

a/ Unaudited.

b/ Preliminary figures.

Table 3. Expenditures on workshops and other training activities, 1991 a/

(United States dollars)

	Trust Fund	UNDP
AFRICA	86 815	1 158 637
Angola	--	83 124
Côte d'Ivoire	21 267	--
Ethiopia	--	129 800
Ghana	--	314 341
Nigeria	--	585 791
Seychelles	--	45 581
Regional	65 548	--
ASIA AND THE PACIFIC	49 487	558 663
China	48 087	--
Democratic People's Republic of Korea	--	62 632
Nepal	--	12 784
Papua New Guinea	--	8 746
Philippines	1 400	--
Thailand	--	152 263
Regional	--	322 238
EASTERN EUROPE		
Romania	43 601	--
LATIN AMERICA AND THE CARIBBEAN	4 144	251 292
Brazil	--	98 047
Chile	--	36 683
Uruguay	--	116 562
Regional	4 144	--
INTERREGIONAL	100 784	--
TOTAL EXPENDITURES	284 831	1 968 592

Note: A dash (--) indicates that the amount is nil or neglible.

a/ Preliminary figures.

Table 4. Extrabudgetary expenditure on advisory projects, 1991 a/

(United States dollars)

	Trust Fund	UNDP
AFRICA	124 098	955 495
Angola	--	406 541
Cameroon b/	11 304	--
Ethiopia b/	--	156 921
Kenya	--	5 510
Mali b/	42 492	--
Morocco	1 089	--
Mozambique b/	--	28 290
Namibia b/	--	40 725
Nigeria	--	16 600
Seychelles b/	--	16 224
Sierra Leone b/	--	284 684
Regional	69 213	--
ASIA AND THE PACIFIC	23 220	341 494
Afghanistan b/	--	47 877
Democratic People's Republic of Korea	--	13 648
Mongolia b/	18 000	--
Myanmar b/	--	28 415
Nepal b/	--	26 165
Papua New Guinea	--	209 389
Thailand	--	16 000
Regional	5 220	--
EASTERN EUROPE		
Albania	12 013	57 154
LATIN AMERICA AND THE CARIBBEAN	71 396	33 810
Antigua	13 944	--
Argentina	--	24 568
Chile	23 248	--
Ecuador	7 596	--
Guyana b/	1 602	--
Mexico	18 861	--
Peru	6 145	--
Regional	--	9 242
INTERREGIONAL	27 279	--
TOTAL EXPENDITURES	258 006	1 387 953
PERCENTAGE SHARE OF LOW-INCOME COUNTRIES TO TOTAL EXPENDITURES	28	45

(Footnotes on following page)

(Footnotes to table 4)

Note: A dash (--) indicates that the amount is nil or neglible.

a/ Preliminary figures.

b/ Low-income economies: per capita gross national product less than $700 (1986).

B. Comprehensive information system

1. Development of the information system on transnational corporations

114. During the reporting period, the Centre continued the development of an information system on transnational corporations. The system's data components cover individual transnational corporations, industries and sectors, laws and regulations, contracts, macroeconomic data, and information sources. The Commission will have before it the report of the Secretary-General on information requirements for assessing the performance of corporate obligations (E/C.10/1992/11).

(a) Individual transnational corporations

115. The criteria for the collection of data on transnational corporations include size, industry, home country and size of investment. In particular, data on the largest transnational corporations and the largest investors in a host country have been collected for the six-volume World Investment Directory. Two volumes of the Directory, which also includes foreign direct investment statistics and legal and bibliographical data covering Asia and the developed countries, have been completed: (a) on small and medium-sized transnational corporations, for a series of studies on their characteristics and strategies; and (b) on transnational corporations in the services sector, which will constitute information for the second series of the Directory of the World's Largest Service Companies (in preparation). The publication will list the largest companies in commercial banking, primary insurance, reinsurance, insurance brokerage, telecommunications, software, data communication, radio and television broadcasting, motion pictures, and management consulting, and profiles of transnational firms in banking and insurance. Information is also collected on (a) transnational corporations from developing countries; (b) the 50 largest foreign investors, for a study on their foreign investment strategies; and (c) the 1,000 largest non-financial corporations. The data will form the basis of an analysis of transnational corporations, to be included in the Fifth Survey on Transnational Corporations in World Development (in preparation).

116. In addition, the Centre concluded a benchmark survey of corporate environment policies and created a database consisting of the policies of 170 corporations.

117. The information system is based on the data mentioned above, supplemented by a number of commercial databases available to the Centre, which provide directory, financial and historical information on companies worldwide, by the collection of annual reports of the 800 largest manufacturing transnational corporations and by files on microfiche of company reports to security and exchange authorities. Overall, the Centre has access to information on over 100,000 public and private companies worldwide, in various degrees of detail. The existing information on individual transnational corporations makes the Centre an internationally important repository in this area.

(b) Information on industries and sectors

118. Information continues to be collected for the preparation of studies on specific industries and sectors. In the past year, particular attention has been devoted to industries in the services sector.

(c) Information on laws, regulations and treaties

119. The Centre maintains a database of bilateral treaties for the promotion and protection of foreign investments. An updated list of treaties is currently being prepared, to be published jointly with the International Chamber of Commerce. In addition, about 80 multilateral and regional arrangements and agreements relating to transnational corporations and foreign direct investment have been collected, to be published in a compendium on the main policy issues arising in relations between transnational corporations and States. The preparation of the ninth volume of the series on National Legislation and Regulations Relating to Transnational Corporations is near completion.

(d) Information on contracts

120. The Centre has expanded its collection of contracts and agreements in the petroleum sector; a computerized analytical inventory of over 400 non-petroleum contracts and agreements is being finalized.

(e) Macroeconomic information

121. Information on foreign direct investment stocks and flows by country and region were collected and analysed for the World Investment Directory.

(f) Information sources

122. In the past year, the Centre published Transnational Corporations: A Selective Bibliography, 1988-1990. 8/ The publication continues the series of bibliographies issued by the Centre on scholarly and official literature worldwide on transnational corporations and foreign direct investment. The 600-page bibliography gives references to nearly 3,000 works in a dozen languages. The Centre also published Transnational Business Information: A Manual of Needs and Sources. 9/ The manual is intended for countries having to decide on the involvement of transnational corporations in the national economy. It discusses policy objectives of information; techniques and methods to prepare for negotiations; priority industries; selecting strategies for company candidates; in-depth information on companies; and negotiations with transnational corporations. The Centre has also published Workshop Papers of UNCTC: Annotated Bibliography with Indexes, 1978-1990. The work discusses the training activities of the Centre, provides information on more than 100 workshops and contains abstracts of the workshop background papers. In addition, the Centre issued lists of documents and publications put out by the Centre and the joint units with the regional commissions.

2. National information systems

123. The Centre continued to respond to requests from Governments for assistance in developing and refining information systems on transnational corporations. In 1991, the Centre provided information system expertise for the development of the Investment Promotion Centre of Namibia, the Registry of Foreign Investment Agreements of Ghana, a monitoring system of foreign investment projects in Thailand, an information system on technology transfer in Nepal and information technology assessment for a CD-ROM database on company information in the Democratic People's Republic of Korea. In addition, a number of officials from Nepal and the former Soviet Union were trained in the evaluation and use of information resources.

3. Decision support systems

124. In addition to the information activities mentioned above, the Centre has developed and enhanced a number of databases and files to assist in-house executive direction and management. In this regard, the Centre, inter alia, undertook a comprehensive evaluation and update of its roster of experts, with a view to improving the system of retrieval and selection of experts for the implementation of the Centre's technical cooperation programme, particularly through expanding the roster by including qualified candidates from all geographical areas; published two issues of "The register of consultants' reports" (TRANSCIS/CNS), covering over 1,000 reports prepared for the Centre by international experts; established a database of contact persons for advisory services; and updated a mailing list concerning the Centre's publications.

125. In the past two years, the Centre developed a computer-aided in-house publishing system, which is actively used to produce the camera-ready copies of the Centre's publications.

126. Database technology is used extensively throughout the Centre to store and manipulate the variety of information. Information sharing within the Centre and with Governments and non-governmental institutions has been enhanced in the past year through the extensive use of computing and telecommunication equipment. The Centre has recently undertaken an expansion of its local area network, putting a premium on interconnectivity in its design. It has further requested access to the INTERNET network via UNDP. It is expected that those facilities, when in place, will further strengthen the Centre's capability to respond to government requests for information and assistance.

4. Response to ad hoc requests for information

127. Requests for information showed a modest increase in the past year, reaching about 2,700. In addition, the Centre handled about 2,500 queries, usually formulated verbally, bringing the total to about 5,200 requests. Governments continue to account for about one third of the requests. The majority of requests dealt with company information and general economic data. Table 5 provides a breakdown of information requests by category and type of user. Table 6 breaks down information requests by subject.

Table 5. Requests by category and type of requestor, 1991

	Requests made by													
	Governments		Intergovernmental organizations		Trade union organizations		Business organizations		Academic institutions		Media and public interest groups		Total	
	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage of category	No.	Percentage
Developing countries	394	56	19	5	33	16	26	12	156	22	99	25	727	27
Developed market economy countries	261	33	54	14	142	65	185	86	428	61	164	41	1 234	46
Socialist States of Eastern Europe	110	11	--	--	24	11	5	2	73	11	33	8	245	9
International organizations	-	-	314	81	18	8	--	--	40	6	104	26	476	18
Total	765	100	387	100	217	100	216	100	697	100	400	100	2 682	100

Note: A dash (--) indicates that the amount is nil.

A hyphen (-) indicates that the item is not applicable.

Table 6. Requests by subject, 1991

Subject	Requests made by: Governments No.	Governments Percentage	Intergovernmental organizations No.	Intergovernmental organizations Percentage	Non-governmental organizations a/ No.	Non-governmental organizations a/ Percentage	Total No.	Total Percentage
Industries	125	16	100	26	202	13	427	16
Individual transnational corporations	210	27	83	21	142	9	435	16
Laws and regulations	50	7	24	6	132	9	206	8
Contracts	86	11	14	4	45	3	145	5
Macro data	75	10	70	18	458	30	603	22
Codes b/	60	8	35	9	249	16	344	13
United Nations Centre on Transnational Corporations	100	13	28	7	166	11	294	11
Information sources	59	8	33	9	136	9	228	9
Total	765	100	387	100	1 530	100	2 682	100

Notes: Percentages do not necessarily add to totals, because of rounding.

a/ Including academic institutions, trade union and business organizations, the media and public interest groups.

b/ Including code of conduct on transnational corporations, international standards of accounting and reporting, code of conduct on transfer of technology, environmental issues etc.

V. REGIONAL ACTIVITIES

A. Joint Unit established with the Economic Commission for Europe

128. During the reporting period, the Joint Unit established between the Centre and the Economic Commission for Europe (ECE) focused its activities on providing support for the Centre's activities in the region and on work related to Central and Eastern Europe.

129. The Joint Unit assisted the Centre in the preparations for an Ad Hoc Expert Group Meeting, held at Geneva from 24 to 26 September 1991, on issues relating to international standards of accounting and reporting. The meeting focused on the privatization of state-owned enterprises in Central and Eastern Europe. The Joint Unit participated in the planning of a project on regional development issues in Eastern Europe and in Latin America. It also assisted the Centre in its analytical work related to transnational corporations and the environment.

130. Within the framework of the work programme of the Economic Commission for Europe, the Joint Unit contributed to projects related to foreign direct investment in Central and Eastern Europe and to the restructuring of state-owned enterprises.

131. The Joint Unit represented the Centre at international meetings and conferences held in the region, including the twentieth session of the Administrative Committee on Coordination (ACC) Task Force on Long-Term Development Objectives, 19-22 March 1991; the second regular session of the Economic and Social Council, 3-26 July 1991; the forty-third session of the Subcommission on Prevention of Discrimination and Protection of Minorities, 5-30 August 1991; the third session of the Preparatory Committee for the United Nations Conference on Environment and Development, 12 August-4 September 1991; the Committee on Development Planning, working group meeting on poverty, environment and development, 8-11 October 1991; and the general meeting between representatives of the United Nations system and the Organization of the Islamic Conference, 19-22 November 1991.

132. The Joint Unit continued its liaison work for the Centre with other international organizations, Governments and government agencies in the region, including the provision of support to them on matters related to transnational corporations.

B. Joint Unit established with the Economic and Social Commission for Asia and the Pacific

133. During the reporting period, the Joint Unit undertook a number of research projects, including (a) studies of the impact of transnational corporations on the international trade of primary commodities (funded by the Government of the Netherlands); (b) transnational corporations in selected service industries of developing countries in the Asia and Pacific region

(funded by the Government of Japan); (c) evaluation of the contribution of transnational corporations to technology transfer in export processing zones and science parks in developing countries of Asia and the Pacific (funded by the Government of the Netherlands).

134. The Joint Unit continued to collect, analyse and disseminate information and data on the activities of transnational corporations in the region, particularly with respect to laws, regulations and general policies relating to the operations of transnational corporations, foreign direct investment flows and non-equity arrangements, data sources for research activities, and information services. It contributed to the volume on Asia and the Pacific of the World Investment Directory.

135. The Joint Unit organized two ad hoc expert group meetings in 1991. One meeting, which reviewed the role of transnational corporations in the international trade of primary commodities, was held at Bangkok from 25 to 27 November 1991. Another meeting, on the activities of transnational corporations and selected service industries of Asian and Pacific developing countries, was held at Bangkok from 2 to 4 December 1991.

136. In 1991, the Joint Unit completed The Asia-Pacific TNC Review (ESCAP/UNCTC Publication Series A, No. 8). The following technical publications will be issued shortly: Transnational Technology Towards the Year 2000 (ESCAP/UNCTC Publication Series B, No. 16); Transnational Corporations in the Trade of Selected Primary Commodities from the Asia-Pacific Region (ESCAP/UNCTC Publication Series B, No. 17); The Participation of Transnational Corporations in Selected Service Industries of Developing Countries in the Asia-Pacific Region (ESCAP/UNCTC Publication Series B, No. 18); and Transnational Corporations and Transfer of Technology in Export Processing Zones and Science Parks in Developing Countries in the Asia-Pacific Region (ESCAP/UNCTC Publication Series B, No. 19).

137. The Joint Unit continued to provide technical and information assistance to countries of the region. The Joint Unit disseminated information to ESCAP member States and to 13 ESCAP focal points in the region. It also assisted the Centre in the provision of advisory services to countries of the region.

C. Joint Unit established with the Economic Commission for Latin America and the Caribbean

138. During 1991, the Joint Unit placed particular emphasis on examining the role of foreign investment in the process of changing production patterns and industrial restructuring in the countries in the region. The project included country case-studies on Brazil, Chile, Colombia and Mexico and will be presented through a series of publications.

139. One of the reports of the series, entitled "Industrial modernization in Mexico" (LC/L.613), presents the results of a survey of the major foreign-owned companies in Mexico's manufacturing sector. Another deals with the restructuring and development of the Mexican motor vehicle industry during

the 1980s (LC/G.1672-P). An overview case-study on Mexico is being finalized. The results of the research on transnational corporations and industrial restructuring in Mexico was also published. It focuses on issues of technological performance of national and transnational corporations in that country (LC/R.1050). The Chilean case-study (LC/R.1054) analyses non-equity forms of investment of transnational corporations within the context of industrial collaboration between developed and developing countries. Two other completed studies examine the experience of Colombia (LC/R.1055 and LC/R.1052) and Peru (LC/R.1053) in this regard, particularly in their dealings with foreign investment in the manufacturing sectors.

140. The Joint Unit continued its research on national policy frameworks on foreign direct investment in the region. It studied the ways in which 11 Latin American countries modified their policies on foreign direct investment during the 1980s and analysed the process of formulating the laws and regulations currently in effect. In addition, two studies on foreign direct investment in Chile during the period 1974-1989 were prepared: one concerns the role of foreign capital in the country's development strategy (LC/G.1678-P), while the other examines specific investment projects involving transnational corporations in the light of national development strategies (LC/G.1677-P). A study on the policies of Brazil regarding transnational corporations and their status during the external debt crisis (LC/R.619) was also issued.

141. The work concerning transnational banks and finance undertaken in the biennium 1990-1991 resulted in the publication of a manual for managers on debt-equity swaps (LC/L.595) and of a companion volume (LC/L.595/Add.1), in which more in-depth information is provided on Argentina, Brazil, Chile, Mexico and the Philippines. A study on financial liberalization in Chile and the behaviour of transnational banks (LC/G.1599-P) was also completed and published.

142. Finally, the Unit undertook a study exploring foreign investment opportunities in the former Soviet Union, and possibilities of setting up joint ventures involving Latin American capital.

143. In the area of information, the Unit complemented its research on the role of transnational corporations and industrial restructuring by the preparation of A Regional Statistical Directory on Foreign Investment and Transnational Corporations, which is expected to be published in 1992. The Unit has also undertaken the collection and analysis of information regarding foreign direct investment in Argentina and Mexico, scheduled for completion in early 1992. Another initiative in the area of information was the preparation of a manual for the pilot computer programme on domestic information systems for decision-making on foreign investment (SITOD). It will be transferred to national agencies and institutions of the region. Another technical assistance activity now under way is the preparation of a methodology for statistical analysis of foreign direct investment in the region. This work, undertaken in close cooperation with other relevant international organizations, is geared towards standardizing national methodologies at the regional level.

144. In cooperation with the Foreign Investment Committee of Chile, the Joint Unit completed the design, planning and implementation of the SITOD information system for foreign investment decisions. The system is composed of a computer database and software which permit users to process information concerning the activities of transnational corporations in the country, to generate the relevant reports for decision-making purposes and to compile national and international statistics. The development of this system in Chile was undertaken as a pilot project, with a view to its subsequent dissemination throughout the region. The computer software was designed in such a way as to be fully adaptable to any country.

145. In collaboration with the Foreign Investment Committee of Chile, a study is being conducted on the changes made in policies on foreign direct investment during the 1980s in Latin America and the Caribbean.

146. Technical assistance was furnished to the National Commission on Foreign Investment and Technology (CONITE) of the Ministry of Economic Affairs and Finance of Peru and to the Office of the Superintendent of Foreign Investment (SIEX) of the Ministry of Finance of Venezuela in connection with the drafting of bills concerning the treatment of foreign capital. In both cases, a document was prepared containing recommendations for the design of legal provisions concerning the treatment of foreign capital and the promotion of foreign investment.

147. Agreements were reached with CONITE and with SIEX regarding the installation of the SITOD software. At their request, steps are being taken to adapt the master programme to the particular conditions existing in those two countries.

148. The Joint Unit, together with the Centre, designed a technical cooperation project with the Ministry of Energy and Mines of Peru. The project includes technical assistance in resolving two specific disputes that have arisen between transnational corporations and the Government of Peru; technical assistance in modernizing the laws pertaining to hydrocarbons, electricity and mining; and training of negotiators in the energy and mines sector to deal with transnational corporations.

D. Joint Unit established with the Economic Commission for Africa

149. During the reporting period, the Joint Unit focused its research on the operations of transnational corporations in the African region, with particular emphasis on issues of development financing. In that regard, the Joint Unit conducted the following case-studies:

(a) Foreign direct investment as a source of development finance in Africa (E/ECA/UNCTC/75). The study addresses trends and prospects of foreign direct investment as a source of development finance for Africa, with particular attention to selected countries in southern Africa. Trends in

foreign-direct-investment flows during the past two decades are reviewed in terms of their spatial and temporal aspects at the global, regional and subregional levels;

(b) Foreign credit and investment in the PTA subregion (E/ECA/UNCTC/81). The main purpose of the study is to examine the issues of foreign credit and investment in the PTA subregion during the 1980s as background for more comprehensive research on the role of affiliates of transnational corporations in member countries, and on the prospects for foreign direct investment in the subregion;

(c) Foreign direct investment in Lesotho (E/ECA/UNCTC/76). The study examines national policies on foreign direct investment and assesses the role of institutional frameworks in connection with development financing, analyses the current role of foreign private investment in main sectors in Lesotho and evaluates the impact of past and present flows of private investment on national structural changes; the study recommends policy options to improve the existing situation.

150. Another area of the Joint Unit's research was the role of transnational corporations in the transfer of technology to the developing countries of Africa. The Joint Unit submitted a paper on the role of foreign direct investment in the transfer of technology through license agreements (E/ECA/UNCTC/78) to a seminar on transfer of development technology in Africa. It also initiated two case-studies on new technologies, namely, biotechnology and renewable energy sources, in the United Republic of Tanzania and Burundi. The studies aim to provide recommendations on policy options and alternatives with a view to assisting African countries to take appropriate measures in their dealings with transnational corporations.

151. The Joint Unit submitted a progress report on the United Nations code of conduct on transnational corporations (E/ECA/UNCTC/80) to the Conference of African Ministers of Trade. The purpose of the report was to sensitize African policy makers on that matter and to enable African States to better coordinate their positions on that important issue.

152. The Joint Unit completed a case-study on the role of transnational corporations in agricultural export products (E/ECA/UNCTC/79). The study is intended to strengthen the national capability of African developing countries to deal with matters related to transnational corporations in one of the key sectors of African economies.

153. In the area of information services, the collection of data on foreign direct investment was given high priority, particularly in the light of establishing a regional database on transnational corporations, in cooperation with the Trade and Development Finance Division of ECA. The Joint Unit also distributed reports and studies prepared by the Centre. The Joint Unit published the eighth issue of Transnational Focus, which is widely distributed to the countries of the region. It also contributed to the volume on Africa and Western Asia of the World Investment Directory.

154. The Joint Unit also provided support to technical cooperation activities executed by substantive divisions of ECA, particularly in the area of environment and services. A number of missions were undertaken to selected African countries (Senegal, Burundi, Zambia) with a view to reviewing problems relating to the development of information systems on transnational corporations, assessing the role of transnational corporations in the transfer of technology and collecting data on transnational corporations and foreign direct investment in the PTA region.

E. Joint Unit established with the Economic and Social Commission for Western Asia

155. The activities of the Joint Unit were suspended at the beginning of August 1990 owing to the events in the Persian Gulf. The professional staff of the Unit were reassigned to the Centre's Advisory Services and Training Branch in New York from September 1990 through August 1991.

156. The Chief of the Joint Unit reported to Amman, the temporary headquarters of ESCWA, in September 1991, and restarted the operations of the Unit. The Unit's research projects due for completion include a technical paper on Arab Petrochemicals and Pricing Protectionism: The Case of the European Community, which consists of two volumes: volume I. Petrochemical Products of Interest to Arab Countries; and volume II. European Community Protectionist Policies relating to Selected Arab Petrochemical Products. Volume I is being finalized, while volume II will be issued later in the current biennium.

157. The Joint Unit contributed to the Centre's project on transnational corporations and industrial restructuring in developing countries, and to the World Investment Directory, particularly to the volume covering Western Asia.

Notes

1/ Official Records of the Economic and Social Council, 1991, Supplement No. 10 (E/1991/31), para. 171 (c).

2/ United Nations publication, Sales No. E.91.II.A.19.

3/ United Nations publication, Sales No. E.91.II.A.12.

4/ United Nations publication, Sales No. E.91.II.A.18.

5/ United Nations publication, Sales No. E.92.II.A.7.

6/ United Nations publication, Sales Nos. E.91.II.A.5, E.91.II.A.6 and E.91.II.A.7.

7/ United Nations publication, Sales No. E.90.II.A.27.

Notes (continued)

8/ United Nations publication, Sales No. E.91.II.A.10.

9/ United Nations publication, Sales No. E.91.II.A.13.

10/ United Nations publication, Sales No. E.92.II.A.8.

11/ United Nations publication, Sales No. E.91.II.A.20.

12/ United Nations publication, Sales No. E.92.II.A.2.